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Original Citation

Wigley, Stephen M. (2012) Market-facing Alliances in the Fashion Retail Sector – Managing Synergy in a Creative Industry. In: 19th Eirass Conference on Retailing and Consumer Services, July 9th-11th 2012, Vienna, Austria.

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Market-facing Alliances in the Fashion Retail Sector – Managing Synergy in a Creative Industry.

**Folli Follicle
baby**



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Introduction

- Context and aim.
- Literature.
- Methodology.
- Findings.
- Conclusion

Context & Aim

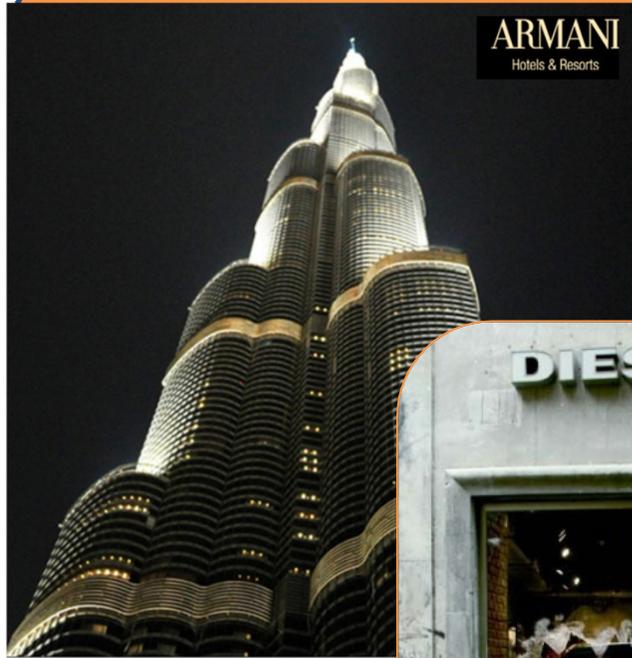
Fashion retailing:

- Dynamic market and intense competition.
- Apparent inconsistencies in what defines success – ‘back of house’ & ‘market-facing’.

→ Growth demands innovative corporate structures & business processes...

...alliance emerging as key.

Context & Aim



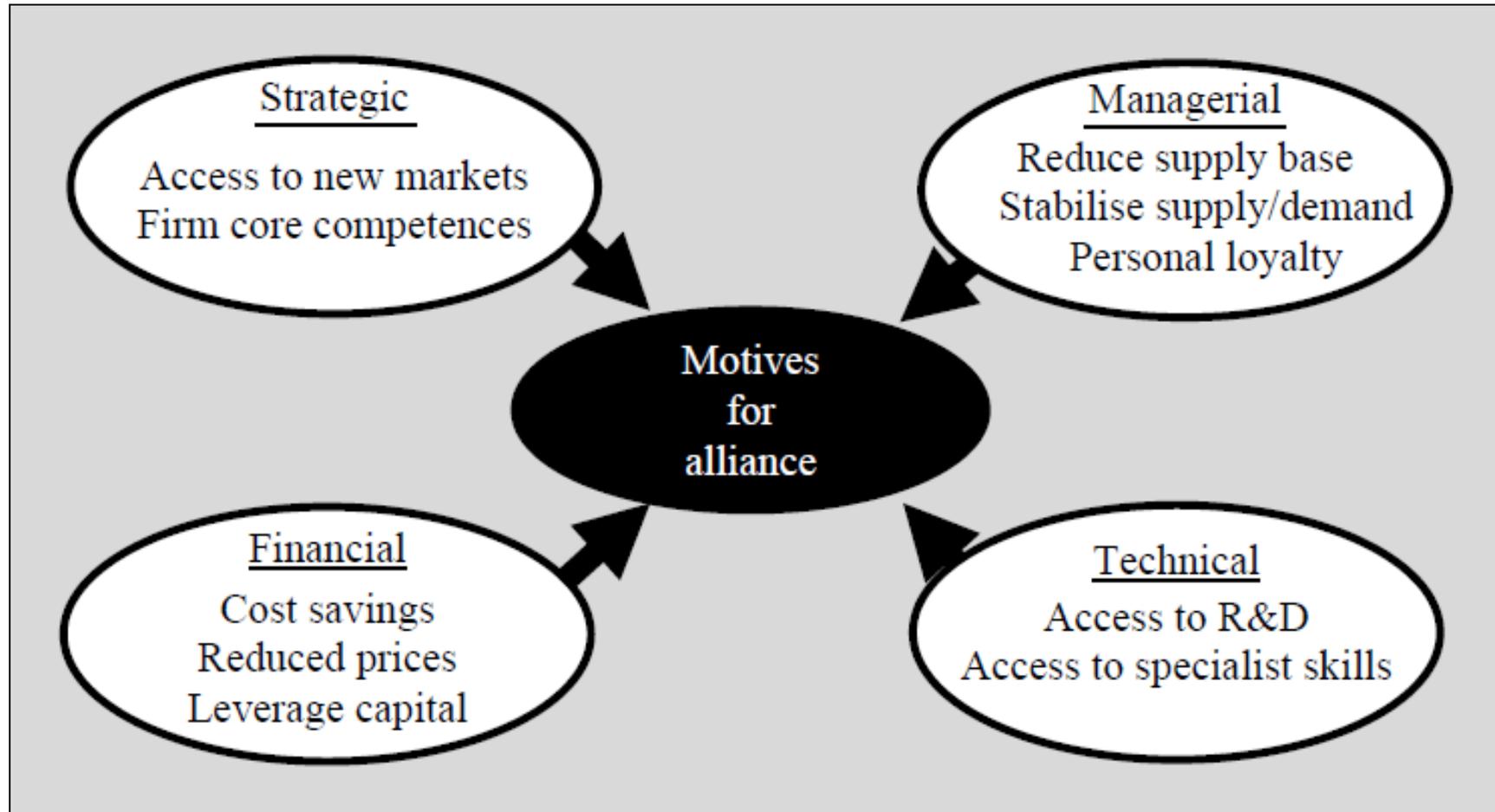
Context & Aim

- ‘Market-facing’ alliances are apparently common in fashion – increasingly so...
 - ...but literature has focused on ‘back of house’ alliances.
- Aim is to understand why and how market-facing alliances in the fashion sector occur.

Literature - *Definitions*

- Alliance, JV, collaboration...?
 - Das & Teng (2003) – all of the above.
- “voluntary cooperative inter-firm agreements aimed at achieving competitive advantage for the partners” characterised by “each firm... remaining independent, without without losing their strategic autonomy despite their common goal” (Das & Teng 2001 / Dussuage & Garette 1999)

Literature - *Motives*



Whipple & Gentry (2000)

Literature – *Partner Selection*

- Tomlinson (1970) – 6 Factors.
- Complimentarity – Lorange & Roos 1993)
- Brouthers et al (1995):
 - Complimentary skills;
 - Cooperative cultures;
 - Compatible goals;
 - Commensurate levels of risk...variable dependent on needs, circumstances, experience etc. of the alliance.

Methodology

- Case study informed by interviews and corporate and media reports.
- Folli Follie – jewellery & accessories.
- Lapin House - childrenswear

Folli Follie
Folli Follie
baby

LAPIN HOUSE

Findings - *Motives*

- Strategic – growth & competitive advantage.
- Financial – to share investment and risk.
- Technological – complementary skills & resources.
- Managerial – access the Chinese market.

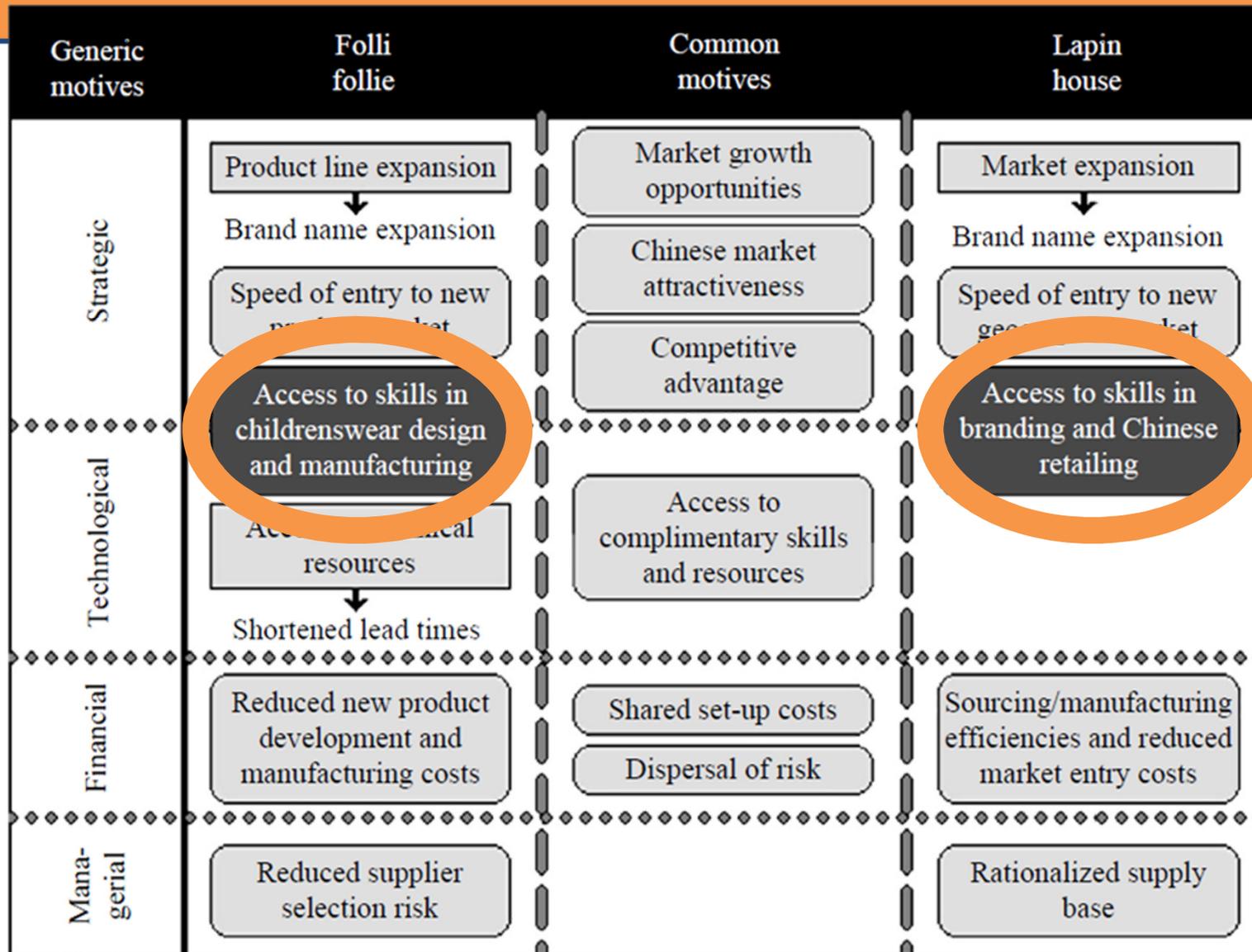
Folli Follie:

- Product line expansion;
- Access to specialist skills;
- Quick entry to new product category;
- Reduced supplier-selection risk;
- Reduced NPD/R&D costs;
- Brand extension.

Lapin House:

- Access to new geographic market;
- Speed & ease of market entry;
- Access to FF's experience;
- Piggy-back on FF's brand;
- Rationalise supply-base & manufacturing.

Findings - *Motives*



Findings – *Partner Selection*

- Mutual positive compatibilities.
- Complimentary strengths and weaknesses.
- Nationality & language a key factor.

Folli Follie:

- LH's expertise in category;
- LH's manufacturing & distribution systems;
- Greek nationality;
- Previous experience.

Lapin House:

- FF's Chinese retail license & network;
- FF's brand awareness;
- FF's experience in China;
- Greek nationality.

Findings – *Operation & Success*

- “like any relationship having much in common makes the partnership easier”.
- Shared culture and previous collaboration.
- Honest and open account of strengths & weaknesses, aspirations and expectations.
- Identification of ‘cross-over’ competences & focus delegation of activities.
- Appreciation that risk to brand was not equal – but potential reward was also unequal.

Conclusion

- New motive, specific to fashion industry, identified.
- Role of creative professionals and market-facing competences heightened.
- Heightened significance of...:
 - Corporate culture;
 - Language and nationality;
 - Personal relationships.
- Raises issue of ‘industry-specific’ motives being explored further.

Conclusion

